

AMENDED IN SENATE MAY 5, 2015  
AMENDED IN SENATE APRIL 13, 2015  
AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 471**

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**Introduced by Senator Pavley**

February 26, 2015

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An act to *amend Section 39712 of, and to add Chapter 10* (commencing with Section 39950) to Part 2 of Division 26 ~~of of~~, the Health and Safety Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 471, as amended, Pavley. Water, energy, and reduction of greenhouse gas emissions: planning.

Existing law designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, commonly known as cap and trade revenues, to be deposited in the Greenhouse Gas Reduction Fund, and to be used, upon appropriation by the Legislature, for specified purposes, *including the reduction of greenhouse gas emissions associated with water use and supply*.

This bill would require the state board, in cooperation with various other agencies, to develop an emissions inventory of greenhouse gas emissions from the water system in the state, using best available data. The bill would ~~provide water recycling, wastewater treatment, water end-use efficiency, water technology improvements, best management~~

~~practices, and other projects that reduce water system greenhouse gas emissions shall be~~ *include reduction of greenhouse gas emissions associated with water treatment among the investments that are eligible* for funding from the Greenhouse Gas Reduction Fund. The bill would also make legislative findings and declarations, and a statement of legislative intent, with regard to the nexus between water and energy and water and reduction of greenhouse gas emissions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares all of the  
2 following:  
3 (1) Water and energy resources are inextricably connected. This  
4 relationship is known as the water-energy nexus.  
5 (A) The energy used to drive California's water system,  
6 including, but not limited to, the fuels used to power groundwater  
7 pumps, transportation, treatment and disposal systems for water  
8 and wastewater, heating and cooling of water in buildings and  
9 other facilities, and the delivery of water to end users, accounts  
10 for nearly 20 percent of the total electricity usage, 30 percent of  
11 nonpower-related natural gas consumed, and an unknown quantity  
12 of greenhouse gas emissions associated with that energy  
13 production.  
14 (B) The water used to drive California's energy system,  
15 including, but not limited to, the water used to turn turbines for  
16 hydropower, to produce steam and cooling systems for  
17 thermoelectric power, and to extract and refine oil and gas,  
18 represents a substantial portion of our state water demand.  
19 (C) Consequently, saving water saves energy, and vice versa.  
20 (D) Because the production of energy often results in the  
21 emission of greenhouse gases, there is substantial potential for  
22 emission reductions in the water system.  
23 (2) Planning for water use is often conducted without  
24 consideration of energy use or greenhouse gas emissions. Similarly,  
25 planning for energy and reduction of greenhouse gas emissions is  
26 often conducted without consideration of water resources. As a  
27 result, local and state agencies may not be identifying projects that

1 best serve water and energy investments to maximize greenhouse  
2 gas emissions reductions.

3 (b) It is the intent of the Legislature, in enacting this act, to:

4 (1) Provide the best available data on the water-energy nexus  
5 so that it may be included in the scoping plan update prepared  
6 pursuant to the California Global Warming Solutions Act of 2006  
7 (Division 25.5 (commencing with Section 38500) of the Health  
8 and Safety Code).

9 (2) More closely integrate the planning for water, energy, and  
10 greenhouse gas emissions.

11 (3) Enable opportunities for innovative projects and programs  
12 that reduce the greenhouse gas intensity of our water system in  
13 order to access eligible funds.

14 *SEC. 2. Section 39712 of the Health and Safety Code is*  
15 *amended to read:*

16 39712. (a) (1) It is the intent of the Legislature that moneys  
17 shall be appropriated from the fund only in a manner consistent  
18 with the requirements of this chapter and Article 9.7 (commencing  
19 with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title  
20 2 of the Government Code.

21 (2) The state shall not approve allocations for a measure or  
22 program using moneys appropriated from the fund except after  
23 determining, based on the available evidence, that the use of those  
24 moneys furthers the regulatory purposes of Division 25.5  
25 (commencing with Section 38500) and is consistent with law. If  
26 any expenditure of moneys from the fund for any measure or  
27 project is determined by a court to be inconsistent with law, the  
28 allocations for the remaining measures or projects shall be  
29 severable and shall not be affected.

30 (b) Moneys shall be used to facilitate the achievement of  
31 reductions of greenhouse gas emissions in this state consistent  
32 with Division 25.5 (commencing with Section 38500) and, where  
33 applicable and to the extent feasible:

34 (1) Maximize economic, environmental, and public health  
35 benefits to the state.

36 (2) Foster job creation by promoting in-state greenhouse gas  
37 emissions reduction projects carried out by California workers and  
38 businesses.

39 (3) Complement efforts to improve air quality.

1 (4) Direct investment toward the most disadvantaged  
2 communities and households in the state.

3 (5) Provide opportunities for businesses, public agencies,  
4 nonprofits, and other community institutions to participate in and  
5 benefit from statewide efforts to reduce greenhouse gas emissions.

6 (6) Lessen the impacts and effects of climate change on the  
7 state's communities, economy, and environment.

8 (c) Moneys appropriated from the fund may be allocated,  
9 consistent with subdivision (a), for the purpose of reducing  
10 greenhouse gas emissions in this state through investments that  
11 may include, but are not limited to, any of the following:

12 (1) Funding to reduce greenhouse gas emissions through energy  
13 efficiency, clean and renewable energy generation, distributed  
14 renewable energy generation, transmission and storage, and other  
15 related actions, including, but not limited to, at public universities,  
16 state and local public buildings, and industrial and manufacturing  
17 facilities.

18 (2) Funding to reduce greenhouse gas emissions through the  
19 development of state-of-the-art systems to move goods and freight,  
20 advanced technology vehicles and vehicle infrastructure, advanced  
21 biofuels, and low-carbon and efficient public transportation.

22 (3) Funding to reduce greenhouse gas emissions associated with  
23 ~~water use and supply~~, land and natural resource conservation and  
24 management, forestry, ~~and~~ sustainable agriculture, *and the water*  
25 *sector, including, but not limited to, water use, supply, and*  
26 *treatment*.

27 (4) Funding to reduce greenhouse gas emissions through  
28 strategic planning and development of sustainable infrastructure  
29 projects, including, but not limited to, transportation and housing.

30 (5) Funding to reduce greenhouse gas emissions through  
31 increased in-state diversion of municipal solid waste from disposal  
32 through waste reduction, diversion, and reuse.

33 (6) Funding to reduce greenhouse gas emissions through  
34 investments in programs implemented by local and regional  
35 agencies, local and regional collaboratives, and nonprofit  
36 organizations coordinating with local governments.

37 (7) Funding research, development, and deployment of  
38 innovative technologies, measures, and practices related to  
39 programs and projects funded pursuant to this chapter.

1     ~~SEC. 2.~~

2     *SEC. 3.* Chapter 10 (commencing with Section 39950) is added  
3 to Part 2 of Division 26 of the Health and Safety Code, to read:

4  
5             CHAPTER 10. EMISSIONS FROM THE WATER SYSTEM  
6

7     39950. (a) The state board, in cooperation with the State  
8 Energy Resources Conservation and Development Commission,  
9 the Public Utilities Commission, the State Water Resources Control  
10 Board, and the Department of Water Resources, shall develop an  
11 emissions inventory of greenhouse gas emissions from the water  
12 system in the state, using best available data.

13     ~~(b) Water recycling, wastewater treatment, water end-use~~  
14 ~~efficiency, water technology improvements, best management~~  
15 ~~practices, and other programs that reduce water system greenhouse~~  
16 ~~gas emissions shall be eligible for funding from the Greenhouse~~  
17 ~~Gas Reduction Fund.~~